

## **BEFORE THE DIVISION OF INSURANCE**

### **STATE OF COLORADO**

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#### **FINAL AGENCY ORDER O-06-055**

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#### **IN THE MATTER OF THE MARKET CONDUCT EXAMINATION OF GOLDEN RULE INSURANCE COMPANY,**

##### **Respondent**

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**THIS MATTER** comes before the Colorado Commissioner of Insurance (the "Commissioner") as a result of a market conduct examination conducted by the Colorado Division of Insurance (the "Division") of Golden Rule Insurance Company (the "Respondent"), pursuant to §§ 10-1-201 to 207, C.R.S. The Commissioner has considered and reviewed the market conduct examination report dated June 10, 2005 (the "Report"), relevant examiner work papers, all written submissions and rebuttals, and the recommendations of staff. The Commissioner finds and orders as follows:

#### **FINDINGS OF FACT**

1. At all relevant times, the Respondent was licensed by the Division as a life and health insurance company.
2. In accordance with §§ 10-1-201 to 207, C.R.S., on June 10, 2005, the Division completed a market conduct examination of the Respondent. The period of examination was January 1, 2004 to December 31, 2004.
3. In scheduling the market conduct examination and in determining its nature and scope, the Commissioner considered such matters as the results of financial statement analyses and ratios, changes in management or ownership, actuarial opinions, reports of independent certified public accountants, complaint analyses, underwriting and claims practices, pricing, product solicitation, policy form compliance, market share analyses, and other criteria as set forth in the most recent available edition of the examiners' handbook adopted by the National Association of Insurance Commissioners, as required by § 10-1-203(1), C.R.S.
4. In conducting the examination, the examiners observed those guidelines and procedures set forth in the most recent available edition of the examiners' handbook adopted by the National Association of Insurance Commissioners and the Colorado insurance examiners handbook. The

Commissioner also employed other guidelines and procedures that he deemed appropriate, pursuant to § 10-1-204(1), C.R.S.

5. The market conduct examiners prepared a Report. The Report is comprised of only the facts appearing upon the books, records, or other documents of the Respondent, its agents or other persons examined, or as ascertained from the testimony of the Respondent's officers or agents or other persons examined concerning Respondent's affairs. The Report contains the conclusions and recommendations that the examiners find reasonably warranted based upon the facts.
6. Respondent delivered to the Division written submissions and rebuttals to the Report.
7. The Commissioner has fully considered and reviewed the Report, all of Respondent's submissions and rebuttals, and all relevant portions of the examiner's work papers.

#### **CONCLUSIONS OF LAW AND ORDER**

8. Unless expressly modified in this Final Agency Order ("Order"), the Commissioner adopts the facts, conclusions and recommendations contained in the final Report. A copy of the final Report is attached to the Order and is incorporated by reference.
9. Issue A1 concerns the following violation: Failure to include some forms in use on the 2004 Annual Report of Forms. The Respondent shall provide evidence that it has established procedures to ensure that all policy forms and/or other evidence of health care coverage currently in use are included on its Annual Report of Forms in compliance with Colorado insurance law.
10. Issue E1 concerns the following violation: Failure to disclose the existence and availability of an access plan. The Respondent shall provide evidence that it has revised all affected forms to reflect the existence and availability of an access plan to ensure compliance with Colorado insurance law.
11. Issue E2 concerns the following violation: Failure to reflect wording that would allow coverage for self-inflicted injuries sustained by an insane person or from death occurring as a result of an insane person taking their own life. The Respondent shall provide evidence that it has revised all affected forms to reflect that self-inflicted bodily harm or death occurring as a result of an insane individual taking their own life cannot be denied to ensure compliance with Colorado insurance law. The Division's records indicate that Respondent has complied with the corrective actions ordered concerning this violation.

12. Issue E3 concerns the following violation: Failure to provide benefits for covered services based solely on a licensed provider's status, e.g., a family member. The Respondent shall provide evidence that it has revised all applicable forms to reflect that benefits may not be denied solely based on a provider's status, such as a family member, to ensure compliance with Colorado insurance law.
13. Issue E4 concerns the following violation: Failure to reflect that repairs of prosthetic devices, unless due to misuse or loss, are to be covered. The Respondent shall provide evidence that it has revised all applicable forms to reflect that repairs of prosthetic devices, unless due to misuse or loss, are covered to ensure compliance with Colorado insurance law.
14. Issue E5 concerns the following violation: Failure to reflect the coverage to be provided for inherited enzymatic disorders. The Respondent shall provide evidence that it has revised all applicable forms to reflect the mandatory coverage for inherited enzymatic disorders to ensure compliance with Colorado insurance law. The Division's records indicate that Respondent has complied with the corrective actions ordered concerning this violation.
15. Issue E6 concerns the following violation: Failure to reflect correct information concerning pre-existing condition limitations. The Respondent shall provide evidence that it has revised the reinstatement provision in all applicable forms and applications to reflect the correct information concerning pre-existing condition limitations to ensure compliance with Colorado insurance law.
16. Issue E7 concerns the following violation: Failure to provide coverage for court ordered substance abuse treatment. The Respondent shall provide evidence that it has revised all applicable forms to reflect that coverage is provided for court ordered substance abuse treatment to ensure compliance with Colorado insurance law.
17. Issue E8 concerns the following violation: Failure to reflect a correct description of the coverage to be provided for mental illness. The Respondent shall provide evidence that it has revised all applicable forms to reflect a correct description of the coverage provided for mental illness to ensure compliance with Colorado insurance law.
18. Issue E9 concerns the following violation: Failure to make the required offer of availability of coverage for hospice care and alcoholism. The Respondent shall provide evidence that it has established procedures to ensure that the required offer of availability of coverage for hospice care and alcoholism is made in all instances in compliance with Colorado

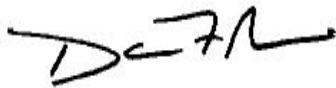
insurance law. The Division's records indicate that Respondent has complied with the corrective actions ordered concerning this violation.

19. Issue J1 concerns the following violation: Failure to accurately determine the number of days utilized for claim processing. The Respondent shall provide evidence that it has established procedures to ensure the number of days utilized for claim processing is accurately determined in compliance with Colorado insurance law.
20. Issue J2 concerns the following violation: Failure, in some cases, to accurately process claims. The Respondent shall provide evidence that it has established procedures to ensure that claim processing is reviewed for accuracy of payment to ensure compliance with Colorado insurance law.
21. Issue K1 concerns the following violation: Failure to reflect complete information in materials dealing with grievance procedures. The Respondent shall provide evidence that it has established procedures to ensure that complete information is reflected for utilization review in all materials dealing with grievances in compliance with Colorado insurance law.
22. Issue K2 concerns the following violation: Failure to include all required information in written notification of decisions for expedited and first level reviews. The Respondent shall provide evidence that it has established procedures to ensure that all information is included in written notification of decisions for expedited and first level reviews in compliance with Colorado insurance law.
23. Issue K3 concerns the following violation: Failure to provide correct information concerning voluntary second level reviews. The Respondent shall provide evidence that it has established procedures to ensure that information provided to insureds and/or providers concerning grievance procedures is accurate and in compliance with Colorado insurance law. The Division's records indicate that Respondent has complied with the corrective actions ordered concerning this violation.
24. Pursuant to § 10-1-205(3)(d), C.R.S, the Respondent shall pay a civil penalty to the Division in the amount of ten thousand and no/100 dollars (\$10,000.00). This fine represents a combined fine for the cited violations of Colorado law. This fine was calculated in accordance with Division guidelines for assessing penalties and fines, including Division bulletin no. 1-98, issued on January 1, 1998.
25. Pursuant to § 10-1-205(4)(a), C.R.S., within sixty (60) days of the date of this Order, the Respondent shall file affidavits executed by each of its

directors stating under oath that they have received a copy of the adopted report and related order.

26. Unless otherwise specified in this Order, all requirements with this Order shall be completed within thirty (30) days of the date of this Order. Respondent shall submit written evidence of compliance with all requirements to the Division within the thirty (30) day time frame, except where Respondent has already complied, as specifically noted in the Order. Copies of any rate and form filings shall be provided to the rate and forms section with evidence of the filings sent to the market conduct section. All audits shall be performed in accordance with Division's document, 'Guidelines for Self Audits Performed by Companies' presented at the market conduct examination exit meeting. Unless otherwise specified in this Order, all audit reports must be received within ninety (90) days of the Order, including a summary of the findings and all monetary payments to covered persons.
27. This Order shall not prevent the Division from commencing future agency action relating to conduct of the Respondent not specifically addressed in the Report, not resolved according to the terms and conditions in this Order, or occurring before or after the examination period. Failure by the Respondent to comply with the terms of this Order may result in additional actions, penalties and sanctions, as provided for by law.
28. Copies of the examination report, the Respondent's response, and this final Order will be made available to the public no earlier than thirty (30) days after the date of this Order, subject to the requirements of § 10-1-205, C.R.S.

**WHEREFORE:** It is hereby ordered that the findings and conclusions contained in the final examination report dated June 10, 2005, are hereby adopted and filed and made an official record of this office, and the above Order is hereby approved this 26th day of October, 2005.



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David F. Rivera  
Commissioner of Insurance

**CERTIFICATE OF MAILING**

I hereby certify that on the 26th day of October, 2005, I caused to be deposited the within **FINAL AGENCY ORDER NO. O-06-055 IN THE MATTER OF THE MARKET CONDUCT EXAMINATION OF GOLDEN RULE INSURANCE COMPANY**, in the United States mail via certified mailing with proper postage affixed and addressed to:

Mr. Steven J. Pollack, President  
Golden Rule Insurance Company  
712 11<sup>th</sup> Street  
Lawrenceville, IL 62439

Mr. Michael Corne, Vice President  
Golden Rule Insurance Company  
712 11<sup>th</sup> Street  
Lawrenceville, IL 62439



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Dolores Arrington, MA, AIRC, ACS  
Market Conduct Section  
Division of Insurance